

DOCKET NO. 93-560-W - ORDER NO. 93-1121 *1C*

IN RE: Application of Tega Cay Water Service,) ORDER
Inc. for Approval of a Water Supply) APPROVING
Agreement with York County, South Carolina.) AGREEMENT

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of an Application filed by Tega Cay Water Service, Inc. ("TCWS" or "Applicant") seeking approval of a Water Supply Agreement with York County, South Carolina. The Water Supply Agreement would allow TCWS to resell to its customers in TCWS's service area, water supplied by York County pursuant to the Water Supply Agreement. The Application was filed pursuant to S.C. Code Ann. §58-5-240 (as amended), 26 S.C. Code Reg. 103-821 (as amended) of the Commission's Rules of Practice and Procedure, and the guidelines for approval of TCWS' water supply contracts established by the Commission in Order No. 93-602, dated July 23, 1993.

By letter dated September 21, 1993, the Commission's Executive Director instructed the Applicant to publish a prepared Notice of Filing, one time, in a newspaper of general circulation in the area affected by TCWS's Application. The Notice of Filing indicated the nature of the Application and advised all interested

parties of the manner and time in which to file appropriate pleadings for participation in the proceedings. Additionally, TCWS was instructed to notify directly all of its customers who would be affected by the Application. The Company complied with the notice requirements and provided the Commission with Affidavits of Proof of Publication and Proof of Service. No Protests or Petitions to Intervene were received by the Commission. A Hearing was scheduled for December 22, 1993, at 10:30 A.M. in this matter to answer Staff's questions regarding the Water Supply Agreement.

In Docket No. 92-638-W/S, TCWS requested approval of a Water Distribution Charge. The Commission granted the Water Distribution Charge in Order 93-602, issued July 23, 1993. The Water Distribution Charge was requested by TCWS in anticipation of converting its water supply from well water to bulk water supplied by York County. The Commission also established in Order 93-602 a procedure to be followed by TCWS for approval of any and all water supply agreements entered into by TCWS. The Commission's procedure includes (1) filing of the contract with the Commission, (2) customer notification, (3) safeguards in the contract to ensure that the Company's customers are treated in the same manner as direct customers of the bulk water supplier, and (4) a hearing if deemed necessary by the Commission.

Upon full consideration of TCWS's Application, the Water Supply Agreement, and the applicable law, the Commission makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. TCWS is a public utility currently operating a water supply distribution system and a wastewater collection and treatment system in its assigned service area in York County, South Carolina. Its operations in South Carolina are subject to the jurisdiction of the Commission, pursuant to S.C. Code Ann. §58-5-10, et seq., (1976), as amended. TCWS is operating under a schedule of rates and charges approved by the Commission in Docket No. 92-638-W/S, Order No. 93-602, dated July 23, 1993, as amended by Order No. 93-766, dated August 27, 1993.

2. TCWS has met the first requirement of the procedure approved by the Commission in Order 93-602 when seeking implementation of a water supply contract by filing the Application containing the Water Supply Agreement with the Commission.

3. The second requirement of the Commission approved procedure, the notification requirement, has also been met, as evidenced by the Affidavits of Proof of Publication and Proof of Service submitted by TCWS.

4. In reviewing the Water Supply Agreement, the Commission determines that the third requirement, concerning the customer safeguards, has also been followed. The agreement provides that "[t]he County's initial charge to the Utility for the water so metered will be equal to the lowest County wholesale water rate authorized by the York County Council for similarly situated customers in York County for service rendered by the County where

billing is based upon retail customer meter readings." (TCWS/York County Water Supply Agreement, p. 3, lines 17-22). A further safeguard in the Agreement provides that "the initial County wholesale water rate will remain in effect for a period of twelve months from the date service is initiated." (TCWS/York County Water Supply Agreement, p. 4, lines 15-17). The Commission is also aware that the negotiating efforts of TCWS have also resulted in a decrease in the County wholesale water rate from \$2.70/thousand gallons of water to the present rate of \$2.45/thousand gallons of water. (See Ordinance No. 5592, Adopted September 8, 1992, and compare with Ordinance No. 4393, Adopted November 15, 1993.)

5. The fourth condition, from Order 93-602 regarding the procedure to be followed for approving a water supply agreement, is that the Commission may require a hearing if the Commission deems a hearing necessary. It appears to the Commission that TCWS has complied with the procedure established by Order No. 93-602 for approval of the water supply agreement. Furthermore, the lack of protests and intervention in this matter and the fact that Staff's questions have been answered by TCWS lead the Commission to conclude that a hearing in this Docket is not necessary. Therefore, the hearing scheduled for December 22, 1993, is cancelled.

6. York County's present charge for wholesale water is \$2.45/thousand gallons. (Ordinance No. 4393, Adopted November 15, 1993). Ordinance No. 4393 which established the present rates,

fees and charges of the York County utility system also includes a monthly basic facilities charge to wholesale customers. Dave Demaree, Vice President of Operations of TCWS, has confirmed that the monthly basic facilities charge will be paid by TCWS and will not be "passed on" to the TCWS customers. Mr. Demaree has indicated that TCWS will treat the monthly basic facilities charge as an operating expense and that TCWS will include any such charge in the next general rate proceeding before the Commission. However, at this time, the Commission does not address, nor does it make any determination on, the appropriateness of TCWS's planned treatment of York County's monthly basic facilities charge.

Based on the foregoing, the Commission makes the following findings of fact and conclusions of law:

CONCLUSIONS OF LAW

1. TCWS is a water and sewer utility providing water and sewer service in its service area within South Carolina, and the operations of TCWS in South Carolina are subject to the jurisdiction of the Commission pursuant to S.C. Code Ann. §58-5-10 et seq. (1976), as amended.

2. TCWS has complied with the procedure for approval of TCWS' water supply agreements as set forth in Commission Order No. 93-602, issued July 23, 1993.

3. A Commission hearing in this matter is not necessary, and the hearing scheduled for December 22, 1993, at 10:30 A.M. is hereby cancelled.

4. The present rate charged by York County for wholesale water customers is \$2.45/thousand gallons of water.

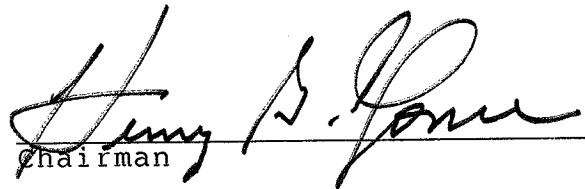
IT IS THEREFORE ORDERED THAT:

1. The Water Supply Agreement between TCWS and York County is hereby approved.


2. The hearing scheduled in this Docket for December 22, 1993, at 10:30 A.M. is hereby cancelled.

3. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Deputy Executive Director

(SEAL)